



County of El Dorado
OFFICE OF AUDITOR-CONTROLLER

JOE HARN
Auditor-Controller

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August 4, 2025

Board of Supervisors
330 Fair Lane
Placerville, California 95667

Subject: Budget Adjustment re: GASB 87 and GASB 96

Agenda Date: August 19, 2025

Dear Board Members:

Recommendation:

Auditor-Controller recommends that the Board of Supervisors approve the attached budget transfer that recognizes long-term debt proceeds along with an equal increase in capital expenditure appropriations to comply with the requirements of GASB 87 and GASB 96.

Reason for Recommendation:

As the County's Auditor-Controller I am required to maintain the County's accounting records in accordance with Generally Accepted Accounting Standards (GAAP). The Governmental Accounting Standards Board (GASB) establishes GAAP for states, cities, and counties.

With the implementation of GASB 87 (Leases) in FY 21/22 and GASB 96 (Subscription-Based Information Technology Arrangements) in FY 22/23, the County is required to change the way it accounts for certain leases and software subscriptions. The GASB now considers these transactions in substance as the purchase of capital assets and the issuance of debt. Accordingly, these qualifying leases and software subscriptions require recognition of revenues as if the County had entered into a loan agreement to finance these acquisitions as well as the recognition of a capital expenditure per GAAP.

Although the budget transfer in front of you indicates the recognition of the proceeds from the issuance of debt and the acquisition of capital assets, in terms of economic reality, nothing has changed.

Fiscal Impact:

The net impact will be zero; however, a 4/5 Board of Supervisors approval is required.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joe Harn".

Joe Harn
Auditor-Controller

A small handwritten mark or signature at the bottom left of the page.